

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
SOE-01 OMB-01 DOE-12 /123 W
-----114341 211218Z /11

R 210924Z DEC 77
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 4525
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION GENEVA
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMEMBASSY WELLINGTON
AMEMBASSY BELGRADE
AMEMBASSY WARSAW
AMEMBASSY PRAGUE
USMISSION USNATO
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY SOFIA
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C O N F I D E N T I A L VIENNA 10839

BRUSSELS FOR USEEC
GENEVA FOR USMTN
E.O. 11652: GDS
TAGS: EGEN, ECIN, XH

SUBJECT: INCREASING CEMA COUNTRY INVOLVEMENT IN GLOBAL
ECONOMIC PROBLEMS

REF: STATE 299277, 289920, 295057

1. IN OUR OPINION GOA WOULD IN PRINCIPLE WELCOME ENTHUSIASTICALLY INCREASED CEMA COUNTRY PARTICIPATION IN INTERNATIONAL ECONOMIC ACTIVITIES AS A LOGICAL EXTENSION OF ITS FUNDAMENTAL DESIRE TO PROMOTE GREATER MULTILATERAL COOPERATION AND IN THE PROCESS TO SERVE AS BRIDGE BUILDER BETWEEN EAST AND WEST, NORTH AND SOUTH. WE SUSPECT, HOWEVER, THAT IN ATTEMPTING TO TRANSLATE THIS INTEREST INTO SPECIFIC ACTIONS, POLICIES, PROGRAMS AND INSTITUTIONS, GOA WOULD QUICKLY ENCOUNTER THE SAME, NUMEROUS QUALIFICATIONS CITED IN THE DEPARTMENT'S AND EMBASSY MOSCOW'S MESSAGES.

2. WE EXPECT THAT THE AUSTRIANS WOULD ASSOCIATE (WITH SUITABLE SKEPTICISM) WITH PARAGRAPH 2 OF MOSCOW'S 17880 AS WELL AS WITH THE GENERAL THRUST OF THAT MESSAGE, VIZ., THAT LDCS PROVIDE THE BEST POTENTIAL LEVERAGE FOR ATTEMPTING TO DRAW THE SOVIETS AND THEIR CEMA PARTNERS FURTHER INTO GLOBAL ECONOMIC INVOLVEMENT. HOWEVER, THE GOA WOULD CERTAINLY DIFFERENTIATE ITS APPROACH - BASED ON THE EXISTING CONDITION OF ITS BILATERAL RELATIONSHIPS -- AS IT CONSIDERED POSSIBLE APPLICATIONS OF THIS POLICY TO EACH SPECIFIC CEMA COUNTRY.

3. A FACTOR OF SPECIAL IMPORTANCE TO AUSTRIA IS THAT TWO OF
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THE CEMA COUNTRIES SHARE A COMMON BORDER WITH IT AND, TO A LARGE DEGREE, A COMMON PAST. THE CEMA COUNTRIES ALSO ARE IMPORTANT TRADING PARTNERS FOR AUSTRIA, EVEN THOUGH THE LEVEL OF THE TRADITIONALLY FAVORABLE BALANCE IS NOW DECREASING AND THE QUALITY OF THE POLITICAL RELATIONSHIPS HAS TENDED TO FLUCTUATE. THE GOA IS PRESENTLY EVINCING A LIVELY INTEREST IN PURSUING FURTHER "NORMALIZATION" WITH EASTERN EUROPE AND PUTTING THE RELATIONSHIP ON A MORE STABLE LONGER-TERM BASIS. THUS, STEPS THAT MIGHT INCREASE CEMA COUNTRIES' INVOLVEMENT IN GLOBAL ECONOMIC PROBLEMS IN A RECIPROCALLY ADVANTAGEOUS MANNER WOULD BE ADDITIONALLY GREETED BY AUSTRIA AS A FAVORABLE OPPORTUNITY FOR FURTHERING ITS OWN INTERESTS IN THOSE COUNTRIES.

4. AT THE SAME TIME, THE AUSTRIANS KNOW FULL WELL THAT THE NON-SOVIET MEMBERS OF CEMA HAVE NEITHER THE RESOURCES NOR THE SPIRIT TO UNDERTAKE ANY SIGNIFICANT ADDITIONAL EFFORT IN THE GLOBAL ECONOMIC AREA (UNLESS FORCED TO BY THE SOVIETS). THEY KNOW, TOO, THAT CEMA COUNTRIES GENERALLY ARE BROKE, IN DEBT AND FACED WITH INTERNAL ECONOMIC PROBLEMS, NOT THE LEAST OF WHICH IS RESENTMENT AT THE FAILURE OF THE VARIOUS REGIMES TO IMPROVE SIGNIFICANTLY THE MATERIAL STANDARD OF LIVING. EMBASSY MOSCOW HAS SET FORTH CONVINCING REASONS WHY MORE GLOBAL ECONOMIC INVOLVEMENT WOULD

BE RESISTED IN THE SOVIET UNION. THE AUSTRIANS WOULD SURELY
AGREE THAT THESE REASONS ALSO ARE APPLICABLE IN EASTERN EUROPE --
THE MORE SO BECAUSE EAST EUROPEAN POPULATIONS ARE MORE AWARE OF
THE DIFFERENCE BETWEEN THEIR STANDARD OF LIVING AND THAT OF
SAY, AUSTRIA.

5. AN IMPORTANT EXCEPTION TO THE ABOVE IS THE APPARENTLY
GROWING NEED OF CEMA COUNTRIES FOR LDC TRADE. THEY NEED LDC
AGRICULTURAL AND INDUSTRIAL RAW MATERIALS, AND THEY NEED MARKETS
FOR THEIR MANUFACTURED PRODUCTS. THE VARIOUS FORMS OF BARTER
INVOLVED IN CEMA TRADING DEALS BEAR A CERTAIN KINSHIP TO
INTERNATIONAL COMMODITY AGREEMENTS. WE ARE NOT IN A POSITION
TO SUGGEST DETAILS, BUT WE FEEL THIS IS AN AREA WHERE
INTEREST WOULD BE FORTHCOMING. BORG
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